



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
April 6, 2006

CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
HEATHER TASKER, BRIDGET KELLY
PUBLIC INFORMATION OFFICE
(212) 637-2600

**JP MORGAN CHASE FOREIGN EXCHANGE SALESMAN PLEADS GUILTY
TO \$6 MILLION FRAUD**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that TERRENCE J. GUMBS pled guilty today in Manhattan federal court to wire fraud charges stemming from his unauthorized trading in foreign currencies while he was a foreign exchange salesman at JP Morgan Chase.

According to a one-count criminal Information filed today, GUMBS was a salesman at JP Morgan Chase Bank's foreign exchange desk in New York, New York. In that capacity, GUMBS was responsible for taking orders from the bank's customers for purchases and sales of foreign currency, and for placing those orders with the bank's traders for execution. GUMBS was not, however, authorized to submit orders for foreign exchange trading in clients' accounts without the clients' permission.

According to the Information, on December 29, 2005, GUMBS submitted an order to sell approximately 385,000,000 Euros (the "€385 Million Order"), which GUMBS claimed he submitted on behalf of one of JP Morgan Chase's clients (the "Client"). In fact, the Client had not placed any order to sell Euros at or around the time of the €385 Million Order, and thus the €385 Million Order was unauthorized.

The Information charged that GUMBS had entered the €385 Million Order to offset losses incurred by JP Morgan Chase due to earlier currency trading orders initiated by GUMBS, some of which, themselves, were unauthorized. According to the Information, JP Morgan Chase suffered a loss of approximately \$6 million as a result of the €385 Million Order.

At GUMBS's guilty plea today before United States Magistrate Judge THEODORE H. KATZ, GUMBS admitted that he placed the order intentionally, and that he knew he did not have

permission to do so at the time.

GUMBS faces a maximum sentence of 20 years in prison and a fine of \$250,000 or twice the gross gain or gross loss from the offense.

GUMBS is scheduled to be sentenced on June 29, 2006, before United States District Judge NAOMI REICE BUCHWALD.

GUMBS, 36, lives in Connecticut.

Mr. GARCIA thanked the Federal Bureau of Investigation for its assistance in the investigation of this matter.

Assistant United States Attorney DAVID SIEGAL is in charge of the prosecution.

06-049